

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 /085 W

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R 070415Z JUL 76 ZDK CTG RUQMHR 0006S AND OTHERS

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 4585

INFO AMEMBASSY DOHA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMQNM BASSY TEHRAN 862

C O N F I D E N T I A L ABU DHABI 1844

E.O. 11652: GDS

TAGS: EALR, EFIN, TC

SUBJ: ABU DHABI BUDGET

REF: ABU DHABI 489 (NOTAL)

1. WELL OVER TWO MONTHS LATE, ABU DHABI GOVERNMENT HAS FINALLY APPROVED THE 1976 BUDGET. THE ABU DHABI DEPT OF FINANCE HAS SO FAR REFUSED TO RELEASE COPIES, BUT IT APPEARS THAT REVENUE AND EXPENDITURES WILL JUST EXCEED 18 BILLION DIRHAMS (\$4.5 BILLION).

2. WHILE THIS IS AN INCREASE OF ONE BILLION DOV)-4 9;34 LAST YEAR, GOVERNMENT SOURCES HERE SAY ABU DHABI IS HEADING FOR A BUDGET DEFICIT BECAUSE OF EXTENSIVE FOREIGN AID COMMITMENTS. OFFICIAL BUDGET FIGURES, WHEN RELEASED, WILL SHOW FOREIGN AID EXPENDITURES PROGRAMMED AT DIRHAMS 4.5 BILLION (\$1,125 MILLION). BUT FOREIGN MINISTRY OFFICIALS SAY THAT IF ALL FOREIGN AID COMMITMENTS HONORED TOTAL CAN NOT BE LESS THAN DIRHAMS
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5 BILLION (1,250 MILLION) THROWING 1976 BUDGET INTO

AT LEAST \$125 MILLION DEFICIT.

3. WHILE FOREIGN AID REMAINS MAJOR SEGMENT OF UAE OUTLAY, OTHER EXPENDITURE CATEGORIES IN ABU DHABI BUDGET HAVE SHOWN MUCH LARGER INCREASES: (A) DEVELOPMENT EXPENDITURES UP TO DIRHAMS 5 BILLION FROM 3.5 BILLION IN 1975 (B) CONTRIBUTION TO UAE BUDGET UP TO DIRHAMS 4 BILLION FROM 2 BILLION IN 1975 (C) ADMINISTRATIVE EXPENDITURES OF GOVERNMENT DEPARTMENTS (WHICH ALSO CONTAINS MOST DEFENSE EXPENDITURES) INCREASE BY OVER ONE BILLION DIRHAMS.

4. IT IS ALSO UNLIKELY THAT ACTUAL EXPENDITURES WILL EXCEED 1976 REVENUES. FUNDS ALLOCATED FOR DEVELOPMENT ARE NEVER FULLY SPENT LEAVING THE ABU DHABI DEPT OF FINANCE WITH A SUBSTANTIAL SURPLUS EVERY YEAR. ONE BUDGET OFFICIAL EVEN ADMITS THAT DEVELOPMENT BUDGET IS PURPOSELY PADDED SO THAT GOVERNMENT CAN FINANCE SHAIKH ZAYID'S WHIMISCAL AND UNPLANNED FOREIGN AID EXPENDITURES.
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